

Updates:

9/22- Reference in the Auditors' report and the Notes section **to statements or schedules that are present in the current document should be in lower case.** For reference to statements from other documents, retain the casing. (e.g., "The information is presented in the accompanying Statements of Activities" should be "The information is presented in the accompanying statements of activities")
clue: the word accompanying denotes that the section is in the current document.

9/25- For embedded tables, for columns containing years, the column header should be "Year Ending/ Ended" only (i.e., singular), even if there are multiple year entries below (see example below).

Year Ending

2016

2017

2018

2019

Thereafter

9/25- Full decimals should also conform to decimal places within one paragraph (i.e., in the same paragraph appears 50% and 4.34%, then 50% should be corrected as 50.00%)

9/25- For Schedules, the footer should refer to the accompanying report (e.g., Auditors', Accountants') and not to the notes to the financial statements

10/2- Indention for Excel sheets (embedded/main statements) with "Less" entries:

---Rule 1) Less entry NOT indented if there are two or more entries above it-

Item 1

Item 2

Less entry

Item 3 / Total

---Rule 2) Less entry INDENTED if there is only ONE entry above it-

Item 1

Less entry

Total

---Rule 3) Less entry NOT indented if AFTER TOTAL-

Item 1

Item 2

Total

Less entry

---Rule 4) Less entry FOLLOWS INDENTATION of preceding, indented entries-

Main Item:

Item 1

Item 2

Less entry

Total

Updates/reminders:

10/5- The % symbol in tables functions like the \$ sign, that is, only the first value, and the total value, if any, should have the % symbol:

<u>Percent owed</u>	OR	<u>With total</u>
---------------------	----	-------------------

5 %		1 %
-----	--	-----

6		2
---	--	---

7		3
---	--	---

8		4
---	--	---

		<u>10 %</u>
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10/16- For recurring edits encompassing same items such as headers, utilize global queries instead of making individual mark-ups for convenience and consistency (e.g., Casing of Excel headers; Inserting "(continued)" at page footer; Adding "The" in letterhead salutation; et al.)

-When making references to the balance sheet or statement of net position and its components, the wording "as of" is to be used instead of "year ended" (e.g., "The net total of **assets** for the year ended March 21, 2016 is..." should be "The net total of **assets as of** March 21, 2016 is..." Same rule applies when liabilities, net position, and balance sheet is mentioned).

In line with this, for entries involving statements **other than** the balance sheets or net position, "year ended" should be used and not "as of"

-References in the notes section to line entries in the **accompanying** Excel statements should be cross-check for consistency and not in title case (e.g., "As seen in Net appreciation on the accompanying statement of cash flows..." should be [given that the actual line entry in cash flows is net appreciation (depreciation)] "As seen in **net appreciation (depreciation)** on the accompanying statement of cash flows...")

-For ranges of percentage, there should not be spaces before or after the en dash (e.g., 5% - 7%)

Final Editorial Review **Not** Completed

Always delete; if not present, no action needed

For KPMG formatted docs: Should always be present and related to the document title; query if missing.

NDPPS USE ONLY	
NDPPS ID:	_____
Contact Name:	_____
Special Instructions	_____
_____	_____
_____	Version: <u>6</u>

Check document for consistency and Google for accuracy if there is discrepancies re the company name in the document

-Subsidiaries not usually part of the actual company name, check applicability

For KPMG formatted docs: Should always be present; instructions regarding the NDPPS box is usually seen in the special instructions box of the job sheet, check for accuracy (e.g., who to put in the contact name, what version number to use)

Check document for consistency
-Take note of the presence of "consolidated" and the like (e.g., combined, special-purpose) with the mention of "financial statements"

JERA POWER U.S.A. INC. AND SUBSIDIARIES

Consolidated Financial Statements

Check document for consistency
-Latest year always comes first

December 31, 2016 and 2015

(With Independent Auditors' Report Thereon)

Usually present, could vary (e.g., Independent Accountants' Review Report).

-Auditors', not Auditor's
-Check for the actual presence of the Report, could be missing

Three main parts of normal financial statements:

- 1) Auditors' Report
- 2) Financial Statements (Excel statements)
- 3) Notes to the Financial Statements

Additional parts that could be present but are not required:

-Managements Discussion and Analysis (same treatment as Au' Report when it come to abbreviations, that is, treated as a separate section)

-Schedules (could be consolidating schedules showing the breakdown of values shown in the main Excel statements, or a schedule of other income of the company; treatment is the same as the main Excel statements in terms of formatting and consistency/cross checking)

Word Margin Set-up

Top: 1.13
Bottom: 1
Left: 0.9
Right: 0.75

TOC is optional
-TOC headers should always only be the **company name** and the **Table of Contents** head, **without** the year nor the financial statement type

**JERA POWER U.S.A. INC.
AND SUBSIDIARIES**

Table of Contents

For **colonated** header, succeeding entries are **indented**, if not, entries should be along the same level

"**Page**" to be used if the following page mentions are all single page numbers

-"**page(s)**" if there is a page range present

Independent Auditors' Report

Consolidated Financial Statements:

Consolidated Balance Sheets

Consolidated Statements of Comprehensive Income

Consolidated Statements of Changes in Stockholder's Equity

Consolidated Statements of Cash Flows

Notes to Consolidated Financial Statements

Cross-check document for consistency of headers

-Could be "Statements of Comprehensive **Income**" in TOC but "Statements of Comprehensive **Loss**" in the Excel; ensure consistency

Cross-check document for pagination accuracy

Page(s)

1-2

3

4

5

6

7-20

Check for consistency; wording is as is, no need to add "the"

Text within the Word document should be **left aligned**/not justified

Top salutation should always begin with **"The"** (e.g., The Board..., The Members..., The Group)

-Company name (always followed by a colon) should be consistent, cross-check.

K-Report Title

Independent Auditors' Report

Cross-check statement names with those in the Excel and TOC (if present)

The Board of Directors
JERA Power U.S.A. Inc.:

K-Salutation

K-Body Text

We have audited the accompanying consolidated financial statements of JERA Power U.S.A. Inc. (formerly known as Chubu Electric Power Company U.S.A. Inc.) and its subsidiaries, which comprise the consolidated **balance sheets as of** December 31, 2016 and 2015, and the related consolidated statements of comprehensive income, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

K-Normal Heading 1

Auditors' Responsibility

"audit" singular for 1 year; plural for 2 years

Our responsibility is to express an opinion on these consolidated financial statements based on our **audits**. We did not audit the financial statements of Carroll County Energy Holdings, LLC (a 20% owned investee company). The Company's investment in Carroll County Energy Holdings, LLC at December 31, 2016 and 2015, was \$99,938 thousands and \$100,544 thousands, respectively, and its equity loss was \$1,126 thousands and \$1,980 thousands for the year ended December 31, 2016 and for the period from April 5, 2015 (acquisition date) to December 31, 2015, respectively. The financial statements of Carroll County Energy Holdings, LLC were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Carroll County Energy Holdings, LLC, is based solely on the report of the other auditors. We conducted our **audits** in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Usually templated, no need to reword if no errors

The Auditors' Report (AR) section is the first main part of an FS.

-Considered as page 1, but should have **no pagination**.

-Abbreviations used in the AR is applicable only in the AR; abbreviations/ definitions in the Notes section is independent from the AR (e.g., if the abbreviation GAAP is given in the AR but is not used again in the AR, even if it is present in the notes, **it should be deleted in the AR**)

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of JERA Power U.S.A. Inc. and its subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

K-Body Text Keep with Next

K-Ending Date

[(signed) KPMG LLP]

Atlanta, Georgia

Date

Ask to update if no date is given or if date given is a past/current date

Any abbreviations introduced above should **not** be used in the Opinion paragraph (e.g., The Company should appear as the full company name, GAAP in full, etc.)

-"...the years then ended[**should always have a comma here**] in accordance with..."

Excel checklist

- 1) Nonmacros check (ctrl+F)
 - a. Double space
 - b. Full stop
 - c. Dash
 - d. revenues
- 2) Macros run: see page 2 for Macro guide
- 3) Nonmacros check after
 - a. Spell check
 - b. Years
 - c. Headers
 - d. Row heights
 - e. Margins
 - f. Formulas
 - g. Colons & indentions
 - h. Dollars & borders
 - i. Blank cells
 - j. Positive/negative values/wordings
 - k. Notes to, full stops
 - l. Cell comments

Excel sheet margins:

Top: 1.125	Right: 0.75
Bottom: 1	Header: 0.5
Left: 0.9	Footer: 0.5

Row heights:

Company name: 13	Normal entry rows: 13
Rows before year in bold: 20	Rows of total values (with formulas): 20
Year in bold row: 39	Rows after rows with totals: 20
Row after bold row: 20	"See accompanying notes..." row: 39

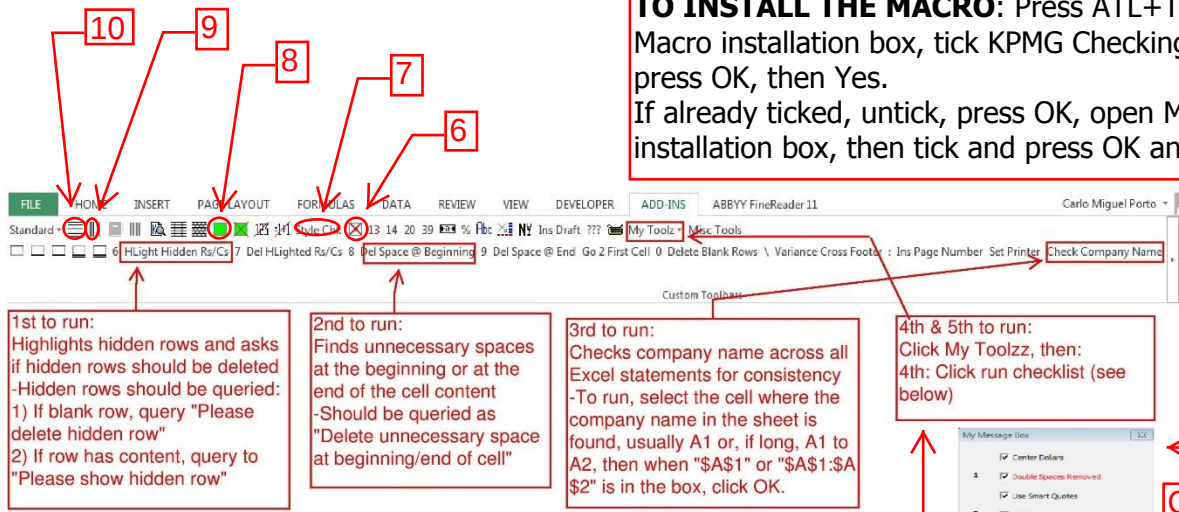
"Commitments and Contingencies" row + row below: 20

If rows with totals are split in two rows due to long entry:

- a) If split total is not a grand, double border total, 1st total row = 20, 2nd total row (aligned with value) = 13
- b) If split total is a grand, double border total, 1st total row = 20, 2nd total row (aligned with value) = 14

For single-year statements, the year heading above the column should not be present, but that row should still be in row height 39.

TO INSTALL THE MACRO: Press ATL+T+I to open Macro installation box, tick KPMG Checking Tools, press OK, then Yes.
If already ticked, untick, press OK, open Macro installation box, then tick and press OK and Yes.



6: Press to highlight cells with **number styles**. Cells with values within the sheet should be in **number style**; query "Apply number style" to cells with values that are not highlighted (i.e., not in number style).

7: Style Chk checks the sheet for cells with wrong cells styles applied; query "Fix cell style" in error is found.

8: Click to highlight cells that contain formulas. These are normally totals; cells that are in formulas but are not totals/should be presented only as values should be queried as "Input as value"; likewise, cells that should be presented as formulas, e.g., totals, but are presented only as values should be queried as "Input as formula."

9: Click to check for wrong column widths; when clicked, select in the appeared box the number of columns **that contain values** (usually the columns with years). Only works for sheets with a maximum of 4 columns; 5 above would be deemed correct as is. When an error is prompted, select the erroneous column(s) and query to "Fix column width." Also, clicking would automatically highlight the F column to aid with the checking if rows with total are aligned at the F column (or, in the case of continuous total header entry, G column)

10: Click to check for row heights deviating from the standard 13, 14, 20, and 39 RHs. When an error is prompted, select the erroneous row(s) and query to "Fix row height." Only deviating row heights are checked; operator should manually check if the standard row heights have been correctly assigned to their corresponding rows (see prior page).

5th: After running the checklist, click **Check Standards** (checks sheet for style errors)



Checklist should be run only in the **Active sheet**.

-Entries in red mean that that specific error has been found in that sheet and has already been corrected: to know where that error occurred, open a raw copy of the Excel and search for the error found in that sheet

Border and Indention Guide

DEASIL LAND PARTNERS, LLC

Consolidated Statement of Cash Flows

(Unaudited)

	Six months ended June 30, 2017	Six months ended June 30, 2016
Cash from operating activities:		
(1) Increase in net assets attributable to members	\$ 10,990,311	36,308,508
(2) Adjustments to reconcile increase in net assets attributable to members to net cash flows from operating activities:		
Unrealized gain on investment property	(6,423,643)	(30,703,743)
Finance costs	14,130,210	16,575,046
Changes in operating assets and liabilities:		
Acquisition of and additions to investment property	(4,571,672)	(12,689,698)
Restricted cash	(819,463)	3,493,131
Tenant receivables and other assets	(1,427,368)	134,558
Prepaid expense	(454,615)	(281,937)
Other current assets	41,153	81,083
Security deposits	144,541	138,709
Trade and other payables	(2,004,359)	(555,805)
Deferred revenue and other current liabilities	78,389	(1,175,542)
Cash provided by (used in) operations before payment of interest	9,683,484	11,324,310
(3) Cash paid for interest	(8,004,558)	(10,722,490)
Net cash provided by (used in) operating activities	1,678,926	601,820
Cash from financing activities:		
Contributions	4,133,377	5,077,750
Cash paid to members (note 14)	(5,978,353)	(4,886,111)
Net cash provided by financing activities	(1,844,976)	191,639
Net change in cash	(166,050)	793,459
Cash at beginning of period	5,349,005	4,357,348
Cash at end of period	\$ 5,182,955	5,150,807

Borders should appear below bold column headers

For two-row totals, the upper border should be along the first row

Borders should enclose formula totals

Totals that are **included in the formula** of another total do not have a bottom border

Grand totals are indicated by a double border below plus an ending dollar sign; these two must always go together

Indention rules:

(1) Entries after a **colonated row header** should be indented

(2) For row entries whose content is too long for one row and thus is continued to the row below, the second content row, and all succeeding continuations of the first content row, should be indented one column to the right of its preceding row (e.g., the first content row is at column A, the continuation row should be at column B, and after that, the continuation row is at column C)

(3) Totals are found in the F column, and totals with continual content should have succeeding rows indented to the G column only

POSITIVE/NEGATIVE TERMINOLOGIES (Per sè)

POSITIVE	NEGATIVE
Provided by	Used in
Equity	Deficit
Increase	Decrease
Revenue	Expense
Excess	Deficiency
Gain	Loss
Income	Loss

Notes on Positive(Negative) usage:

- Original meaning can be interchanged depending on header (e.g. cash flows entries = positive wordings will be negative & vice versa)
- Negative values are **enclosed in parentheses**, with only a space separating the positive word from the parenthesized negative term
- **Only p/n wordings can be edited**; do not change presentation of numbers (you can query if necessary)
- For entries **under headings with “change” wording** (e.g. **Changes in net assets**), **do not mind the presentation of p/n values**
- Two rules when determining the order of positive(negative) wording in Excel sheets:
 - Rule 1- Wording is **always positive first, negative second, regardless of data presentation**
 - Rule 2- Order of wording is **based on the arrangement of values**
 - *Note:* check first **all** Excel sheets for cells with **p/n combinations** to determine what rule is used predominantly; the predominant rule will be the basis on changing the deviant combinations (**majority wins**)
- For cells with p/n wording combinations, **check if the corresponding values are also a pair**; if not, delete the unnecessary p/n wording (e.g. **increase(decrease)** ... **2456/6789** = both positive values, **delete [decrease]**)

No **"year ended"** for Balance Sheet statements (also for the like, i.e., Statements of Assets and Liabilities, etc.)

JERA POWER U.S.A. INC. AND SUBSIDIARIES

Consolidated Balance **Sheets**

December 31, 2016 and 2015

(In thousands, except share data)

Wording should also match wording in Cash Flows (cash only **VS** cash and cash equivalents)

Current assets:

~~Cash and cash equivalents~~

Accounts receivable

Due from parent and affiliates

Prepaid expenses and other current assets

Deferred tax assets – current

Security deposit – current

Total current assets

Investment in Carroll County Energy Holdings, LLC

Investment in TC Generation, LLC

Investment in J Renovo Holdings, LLC

Investment in Cricket Valley Energy Center, LLC

Property and equipment, at cost

Less accumulated depreciation and amortization

Net property and equipment

Security deposits

Other assets

Total assets

Liabilities and Stockholder's Equity

Current liabilities:

Due to parent and affiliates

Accounts payable and accrued expenses

Accrued interest expense

Equity bridge loan payable

Future capital commitment – current

Income taxes payable

Total current liabilities

Due to affiliate

Deferred tax liabilities

Deferred rent

Future capital commitment

Total liabilities

Stockholder's equity

Common stock, \$0.01 par value. Authorized 1,000 shares; issued and outstanding 100 shares

Additional paid-in capital

Retained earnings

Accumulated other comprehensive loss

Total stockholder's equity

Total liabilities and stockholder's equity

Bold, centered always (except for client format documents)

Assets

Dollars in main statements usually come in pairs

Balance Sheets usually contain 2 **pairs** of dollars, one for **Assets**, one for **Liabilities**.

Closing dollar for **totals** should be accompanied by a **double bar** under the total values

The Leftmost dollar sign encompasses the following amount columns to the right

Value to be cross-checked in BS:

- 1) Cash (and cash equivalents) VS Cash Flows Statement
- 2) Total Assets VS Total Liabilities
- 3) Total Stock(share)holders' VS Equity Statement

	2016	2015
\$	3,141✓	5,029✓
	51	108
	150	149
	64	93
	87	56
	61	110
	3,554	5,545
	99,938	100,544
	224,140	215,746
	1,658	—
	16,751	17,404
	670	659
	(289)	(184)
	381	475
	59	122
	2,939	2,939
\$	349,420✓	342,775✓
\$	52	141
	771	593
	385	—
	65,250	—
	37,500	—
	2	14
	103,960	748
	21	64
	17,617	16,535
	203	240
	—	102,750
	121,801	120,337
	—	—
	210,970	206,570
	18,408	18,423
	(1,759)	(2,555)
	227,619✓	222,438✓
\$	349,420✓	342,775✓

Missing colon here

See accompanying notes to consolidated financial statements.

Zero is denoted as an em dash in the Excel

-Look carefully for blank cells within the statements and place em dashes where appropriate or raise a query to insert values

Value to be cross-checked in Ops:

1) Net Income(loss) VS Cash Flows statement

Should be present in the statements following the balance sheets

JERA POWER U.S.A. INC. AND SUBSIDIARIES

Consolidated **Statements** of Comprehensive Income

Years ended December 31, 2016 and 2015

(In thousands)

For two years, the date should not be repeated as "Years ended December 31, 2016 and December 31, 2015"

	2016	2015
Income:		
Equity in income of equity method investments	\$ 5,611	7,625
Service fee income from parent	228	277
Service fee income from affiliates	988	1,029
Service fee income	705	652
Total income	7,532	9,583
Expense:		
General and administrative expenses	6,045	4,062
Service fee expense to parent	205	593
Total expenses	6,250	4,655
Operating income	1,282	4,928
Other income and expense:		
Rental revenue from affiliate	295	280
Interest income	38	29
Interest expense	(385)	—
Other expense	(1)	(2)
Income before income taxes	1,229	5,235
Income taxes	1,244	3,351
Net (loss) income	(15)	1,884
Income (loss) recognized in other comprehensive income on cash flow hedges of equity method investments	796	(480)
Comprehensive income	\$ 781	1,404

Total entries and the like (usually formula cells) should be indented to the **F column**

Wording of the header should match the **positive/negative value presentation of the entries below it** (e.g., "Other income and expense" because succeeding entries are a mix of pos/neg values)
-Could also be "Other **income (expense)**"

Wording should match the **positive/negative presentation of corresponding values**

See accompanying notes to consolidated financial statements.

Entries after "Balance" row header could be indented (w/o the need of a colon after Balance row header) or not, both is okay. But if Balance row header is colonated, indent succeeding entries

**JERA POWER U.S.A. INC.
AND SUBSIDIARIES**

Consolidated Statements of Changes in **Stockholder's** Equity

Years ended December 31, 2016 and 2015

(In thousands, except share data)

Value to be cross-checked in Equity:
1) Total Stock(share)holders' VS BS

For Equity statements with cross footers, **there is no indention of total**

Dollar amounts do not begin in the "Shares" column, but in the "Amount" (**shares are normally not in dollar amounts**)

Could be singular or plural, both are okay

Balances at December 31, 2014

Net income

Other comprehensive loss

Balances at December 31, 2015

Net loss

Capital contribution

Other comprehensive income

Balances at December 31, 2016

	Common stock		Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Total stockholder's equity
	Shares	Amount				
Balances at December 31, 2014	100	\$ —	206,570	16,539	(2,075)	221,034
Net income	—	—	—	1,884	—	1,884
Other comprehensive loss	—	—	—	—	(480)	(480)
Balances at December 31, 2015	100	—	206,570	18,423	(2,555)	222,438
Net loss	—	—	—	(15)	—	(15)
Capital contribution	—	—	4,400	—	—	4,400
Other comprehensive income	—	—	—	—	796	796
Balances at December 31, 2016	100	\$ —	210,970	18,408	(1,759)	227,619

See accompanying notes to consolidated financial statements.

Wording of row headers should correspond to the pos/neg value presentation of the row's **total** (e.g., if the main total of the "Net loss" row is positive, it should be Net Revenue, **regardless** if there is a positive value within the Net loss row)

Totals that encompass both row and column values are called **cross footers**; this is usually present in the Equity statement along with the wording of the total "Balance at/as of..."

Column header wording should match the pos/neg value of the cross-footer total value, **regardless of the other values in the column** (e.g., if there is a negative value in one of the "Balances at..." total, then the column header would be "Total Stockholder's equity (deficit)")

**JERA POWER U.S.A. INC.
AND SUBSIDIARIES**

Consolidated Statements of Cash **Flows**

Years ended December 31, 2016 and 2015

Value to be cross-checked in CF:

- 1) Net Income(loss) VS Ops
- 2) Cash (and cash equivalents) VS BS

(In thousands)

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Net (loss) income	\$ (15) ✓	1,884 ✓
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	105	101
Deferred income tax expense	1,237	3,335
Equity in income of equity method investments	(5,611)	(7,625)
Dividend received from equity investment	4,339	14,826
Disposal loss	1	2
Changes in operating assets and liabilities:		
Accounts receivable	57	(17)
Due from parent and affiliates	(1)	160
Due to parent and affiliates	(132)	(17)
Accounts payable and accrued expenses	178	392
Accrued interest expense	385	—
Deferred rent	(37)	(33)
Other, net	126	(106)
Net cash provided by operating activities	<u>632</u>	<u>12,902</u>
Cash flows from investing activities:		
Purchase of property and equipment	(11)	(5)
Investment in Cricket Valley Energy Center, LLC	(4,409)	(10,316)
Investment in J Renovo Holdings, LLC	(2,500)	—
Investment in Carroll County Energy Holdings LLC	—	(3,288)
Net cash used in investing activities	<u>(6,920)</u>	<u>(13,609)</u>
Cash flows from financing activity:		
Proceed from capital contribution	4,400	—
Net cash provided from financing activity	<u>4,400</u>	<u>—</u>
Net decrease in cash and cash equivalents	(1,888)	(707)
Cash and cash equivalents:		
Beginning of year	5,029 ✓	5,736
End of year	<u>\$ 3,141 ✓</u>	<u>5,029 ✓</u>
Supplemental disclosure of cash flows information:		
Income taxes paid during the year	\$ 41	14
Interest paid during the year	—	—
Supplemental schedule of noncash investing and financing activity:		
Equity contribution to Carroll County Energy Holdings LLC funded by equity bridge loan	\$ 65,250	—

See accompanying notes to consolidated financial statements.

Another opening dollar for a new header after the preceding group (**Supplemental schedule of noncash investing and financing activity** after *Supplemental disclosure of cash flows information*)

Opening dollar symbol after the closing dollar total above

Cash flows from operating activities:

Net (loss) income

Adjustments to reconcile net (loss) income to net cash provided by

operating activities:

Depreciation and amortization

Deferred income tax expense

Equity in income of equity method investments

Dividend received from equity investment

Disposal loss

Changes in operating assets and liabilities:

Accounts receivable

Due from parent and affiliates

Due to parent and affiliates

Accounts payable and accrued expenses

Accrued interest expense

Deferred rent

Other, net

Net cash provided by operating activities

Cash flows from investing activities:

Purchase of property and equipment

Investment in Cricket Valley Energy Center, LLC

Investment in J Renovo Holdings, LLC

Investment in Carroll County Energy Holdings LLC

Net cash used in investing activities

Cash flows from financing activity:

Proceed from capital contribution

Net cash provided from financing activity

Net decrease in cash and cash equivalents

Cash and cash equivalents:

Beginning of year

End of year

Supplemental disclosure of cash flows information:

Income taxes paid during the year

Interest paid during the year

Supplemental schedule of noncash investing and financing activity:

Equity contribution to Carroll County Energy Holdings LLC funded by equity bridge loan

For headers/entries with "Change[s]" wording, pos/neg value is not applicable for the succeeding entries and the header (e.g., regardless of mix of pos/neg values below this header, it is still **changes**)

Singular for one succeeding entry only

Wording of these row headers should correspond to the pos/neg value presentation of the corresponding totals (provided by = positive, used in = negative)

Notes Section TOMs

- 1) X/? rule: whenever presenting an edit as a query, an encircled question mark should be placed near that edit and **no** X-mark should accompany that edit (an edit with an accompanying X-mark is a sure edit; a query edit needs to be verified to the client first before being incorporated, thus the (?) with no sure X)
- 2) “Comprised of” rule: whenever the wording “are/is comprised/comprise/comprises of” appears, this should be edited accordingly:
 - a. “The flock **is** comprised **of** the birds” should be “The flock comprises the birds” or “The sentiments are principally comprised of opinions” should be “The sentiments principally comprise opinions”
- 3) Semicolons for list rule: (1) whenever a run-on list includes elements that within themselves contain commas, then the separator for that run-on list should become a **semicolon**:
 - a. “The entries include office space, property, plant and equipment, and leases” should be “The entries include office space; property, plant and equipment; and leases”

(2) For clarity; usually when there is an internal “and” in the list:

 - b. “The entries include office space, property and plant, and equipment” should be “The entries include office space; property and plant; and equipment”
- 4) Decimal places in percentages rule: whenever there are instances of two or more numeral percentages in a paragraph (this rule applies only on a per paragraph basis), the decimal places of the percentages should conform to the one with the greatest decimal places:
 - a. “The Company lost 34.2% and 2.236% in earnings” should be “The Company lost 34.**200**% and 2.236% in earnings”
- 5) Year ending for future date rule: whenever a future date is given, be it within sentences or embedded tables and even when accompanied with past or present dates, this cannot be referred to as year ended and must be corrected as year **ending**:
 - a. “For the years ended 2016, 2017, and 2018...” should be “For the years **ending** 2016, 2017, and 2018...”
- 6) Respectively/distributive rule: (1) whenever two years are mentioned along with two corresponding values, this should always be indicated by the word “respectively”:
 - a. “For the years ended 2016 and 2015, \$345 and \$567 was earned.” should be “For the years ended 2016 and 2015, \$345 and \$567 was earned, respectively.” [Note: **was** earned and not **were** because, even though two values are mentioned, the values were treated as distributive for each of the years mentioned]

(2) For mentions of **no distributable elements** for two years, the wording should **not** be, “There were no dividends for the years ended 2015 and 2016” but should be “There were no dividends for the year[singular] ended 2015 **or** 2016.”
- 7) Percentage in commas rule: whenever the percentage equivalent of a monetary value is mentioned, usually as a share, the percentage should always be enclosed within commas:
 - a. “In 2018, \$123,000 **or** 43% was allocated to the budget” should be “In 2018, \$123,000, or 43%, was allocated to the budget”

- 8) Less than 10 numeral rule: whenever there are two or more quantifications of the same element and one is less than 10 while the other is 10 above, the less than 10 value(s) should be presented as a numeral:
- a. “There are five cows there and 3,242 cows here” should be “There are **5** cows there and 3,242 cows here” or “The Company will fall either in two years or in 11 years” should be “The Company will fall either in **2** years or in 11 years”
- 9) Level capped rule: whenever the word “**level**” is mentioned that is pertaining to a specific level in the Fair Value Hierarchy, e.g., Level 1, the word “level” should always be capped.
- 10) Dollar outside rule: whenever presenting negative values within sentences, the dollar sign should be placed **outside** the opening parenthesis:
- a. “The income (expense) for the years ended 2015 and 2016 was \$123 and (\$455), respectively.” Should be ““The income (expense) for the years ended 2015 and 2016 was \$123 and **\$(455)**, respectively.”
- 11) Amount verb rule: whenever amounts are given with an accompanying noun, the verb would depend on the noun. Dollar amounts, with no given noun, by default are treated as singular:
- a. “Expenses totaling \$532,432 was treated as liabilities” should be “Expenses totaling \$532,432 **were** treated as liabilities” **but** “\$532,432 **was** treated as liabilities.”
- 12) Italic header and note mention rule: whenever headers present within the actual document are mentioned, this should be in italic. Also, when mentioning a note ~~that~~ within the document, the note should be lowercased:
- a. “In the Basis for Opinion paragraph, it is mentioned that...” should be “In the *Basis for Opinion* paragraph, it is mentioned that...”
 - b. “As seen in Note 5, Commitments and Contingencies, \$123 was earned.” should be “As seen in **note** 5, *Commitments and Contingencies*, \$123 was earned.”
- 13) Agreement casing rule: whenever agreement names are mentioned, the casing of the agreement should be determined whether title case for proper names or sentence case for generic agreements. An indicator could be the article used preceding the agreement; “a” usually denotes a generic agreement while “the” denotes a more specific type:
- a. “The Company entered into an Operating Agreement” should be “The Company entered into an **operating agreement**”
- 14) Symbol range rule: whenever unit symbol indicators are present in a given range, both the first and last value should have the symbol:
- a. “The Company lost 56–76% in revenue” should be “The Company lost 56%–76% in revenue”

ASU, ASC, GASB, etc. Treatment:

- ASU, ASC, GASB, and the like, if mentioned with a specific number, should always be accompanied with the appropriate title.
- Title should appear only in the first instance of the specific ASU. Succeeding mentions of the ASU should only be followed by the numeral identifier.
- Title should be in italic, enclosed in commas. It is not necessary for "FASB" to precede ASU et al.
- GASB mentions should also be preceded by "Statement No." e.g., GASB Statement No. 72, [insert title here]
- Always cross-check titles in the Internet for accuracy
- For ASU, if there is even one instance of presentation with "No." preceding the number (e.g., ASU No. 2016-17), then this should be made consistent across all ASU instances. Exception to this is if a definition to that specific ASU is given [e.g., ASU No. 2016-08 (ASU 2016-08)]
- For ASC, if there is even one instance of presentation with "Topic" and the like (see below), then this should be made consistent across all ASC instances.

ASC **Topic** 820

ASC **Subtopic** 820-10

ASC **Section** 820-10-30

ASC **Paragraph** 820-10-35-20

Check consistency of the header for the whole Notes section

**JERA POWER U.S.A. INC.
AND SUBSIDIARIES**
Notes to Consolidated Financial Statements
December 31, 2016 and 2015
(Dollars in thousands)

Check abbreviations if used in the section; if **not**:

1) Search for the full form and if **the full form is used again, change it to the abbreviated form.**

2) If the full form does not appear again, **delete the abbreviation.**

(1) Organization

K-Heading Level 1

K-Note Text

JERA Power U.S.A. Inc. (formerly known as Chubu Electric Power Company U.S.A. Inc.) (JERA USA) was incorporated in the State of Delaware on August 5, 2004 as a wholly owned subsidiary of Chubu Electric Power Co., Inc. (the Former Parent), a Japanese corporation. On April 30, 2015, the Former Parent formed JERA Co., Inc. (the Parent), a joint venture whose share of 50% is owned by the Former Parent and remaining 50% is owned by TEPCO Fuel & Power, Incorporated. On July 1, 2016, the Former Parent transferred the whole stocks of JERA USA to the Parent. As a result of the transfer, the Parent has become 100% owner of JERA USA.

The major activities of JERA USA are to provide technical research, market and other information to the Parent and affiliates for overseas consulting and investments in the United States. As described in note 3, the Company has material transactions with the Parent and its affiliates.

(2) Summary of Significant Accounting Policies

Headers should be in title case, with prepositions lowercased

(a) Principles of Presentation

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

(b) Principles of Consolidation

K-Heading Level 2

K-Note Text 2

The accompanying consolidated financial statements have included the accounts of JERA USA and its wholly owned subsidiary, J Cricket Holdings, LLC (JCH), and variable interest entity (VIE), AP Cricket Valley Holdings I Inc. (APCVH-I), in which JERA USA is the primary beneficiary (collectively, the Company). JCH and APCVH-I became JERA USA's consolidated entities on September 28, 2015. All significant intercompany balances and transactions have been eliminated in consolidation. The Company assess whether an entity is a variable interest entity VIE and, if so, whether JERA USA is its primary beneficiary at the time of initial involvement with the entity and on an ongoing basis. A VIE is an entity in which the equity investment at risk is not sufficient to finance the entity's activities, the equity investors lack certain characteristics of a controlling financial interest, or voting rights are not proportionate to the economic interests of equity investors and the entity's activities are conducted primarily on behalf of an investor that has disproportionately few voting rights. A VIE must be consolidated by its primary beneficiary, which is the entity with the power to direct the activities of a VIE that most significantly impact its economic performance and the obligation to absorb losses of, or the right to receive benefits from, the VIE that could potentially be significant to the VIE. If such criteria are met, the Company consolidate the financial statements of such businesses with those of our own. The Company accounts for investments over which it has significant influence but not a controlling financial interest using the equity method of accounting.

(Continued) footer must appear from the first page to the penultimate page of the Notes section

(Continued)

**JERA POWER U.S.A. INC.
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements
December 31, 2016 and 2015
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Check for words that are supposed to be **hyphenated** (e.g., related-party transactions, long-term goal, etc.)

(i) Income Taxes

Income taxes are accounted for under the asset-and-liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax benefits are measured at the largest amount that is greater than 50% likelihood of being realized. Changes in recognition or measurement are reflected in the period in which the judgment occurs.

(j) Commitments and Contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment can be reasonably estimated.

(k) Recently Adopted Accounting Standards

In March 2016, the FASB issued ASU 2016-07, *Simplifying the Transition to the Equity Method of Accounting*, which eliminates the requirement for an investor to retroactively apply the equity method of accounting when its increase in ownership interest (or degree of influence) in an investee triggers equity method accounting. ASU 2016-07 requires prospective application for investments that qualify for the equity method of accounting for annual periods in fiscal years beginning after December 15, 2016. The Company elected to early adopt the standard as of January 1, 2016. However, no events occurred during 2016 that triggered equity method accounting and no additional disclosures are required on transition. Therefore, adoption of the standard did not have a material effect on the Company's consolidated financial statements for the year ended December 31, 2016.

(l) Recently Issued Accounting Standards

In February 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Updates (ASU) 2015-02, *Amendments to the Consolidation Analysis*, which eliminates the presumption that a general partner should consolidate a limited partnership, modifies the evaluation of whether limited partnerships and similar legal entities are variable interest entities (VIEs) or voting interest entities, and affects the consolidation analysis of reporting entities that are involved with VIEs (particularly those that have fee arrangements and related party relationships). In some cases, consolidation conclusions will change under the new guidance and, in other cases, a reporting entity will provide additional disclosures if an entity that currently is not considered a VIE is considered a VIE under the new guidance. The new standard is effective for the Company for annual periods in fiscal years beginning after December 15, 2016. The Company will adopt ASU 2015-02 on January 1, 2017, and is currently evaluating the effect that the new standard will have on its consolidated financial statements.

**JERA POWER U.S.A. INC.
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2016 and 2015

(Dollars in thousands)

In January 2016, the FASB issued ASU 2016-01, *Recognition and Measurement of Financial Assets*

Embedded Tables

- These tables should be opened as Excel files in order to check **spelling, formatting, and totals**.
- Same rules apply** as to dollar symbol, double bar, row and column measurements, and indentation as with the main Excel statements
- There are values in embedded tables **that could be cross-checked with the main Statements**; determinants for values to be cross-checked include the line entry/row header, total header, and embedded table section title. **Do not cross check every single value; not all are applicable.**
- In the hard copy, if the gridlines of the embedded table are visible, this should be queried as "remove gridlines of embedded table(s)"
- For entries such as "80 days" or "34 cows," the word after the numeral should be title cases, e.g., 80 Days

statements.

(3) Related Party Transactions

(a) Due from Parent and Affiliates

As of December 31, 2016 and 2015, due from parent and affiliates consisted as follows:

	<u>2016</u>	<u>2015</u>
JERA Co., Inc.	\$ 35	—
Chubu Electric Power Co., Inc.	—	52
JERA Freeport Holding, Inc.	70	64
Chubu Electric Power Company International B.V.	3	10
Chubu Electric Power Falcon B.V.	5	2
Chubu Electric Power Goreway B.V.	9	15
JERA Energy America LLC	28	6
Total	\$ <u>150</u>	<u>149</u>

(b) Service Fee

The Company has a service agreement with the Parent, which is renewable each year automatically at the end of its term (June 30). Under the term of the agreement, the Company is to perform various services for the Parent, including gathering and analyzing information regarding investment project developments. The Company received 105% of total expenses incurred by the Company. The service fee received from the Parent in 2016 and 2015 was \$228 and \$277, respectively.

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